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THE WHITE HOUSE

STATEMENT BY
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THE BRIEFING ROOM

Food and agricultural policies have taken a dramatic turn since President Carter took office in January 1977.

These policy changes have come, in part, in response to a series of events within agriculture -- notably sharp variations in weather in recent years.

But more significantly, the turnaround in farm and food policy is due to a new perception of the role and responsibility the Federal government should take at this time.

I would like to review these policies briefly to emphasize the context in which we are announcing these new steps to implement the Carter Administration policy.

We all know the situation 14 months ago. Price controls damaged the livestock business; export controls damaged our reputation as a reliable exporter; fence-to-fence planting set farmers up for the most severe price bust in memory.

So the job has fallen to us to help get American agriculture back on the road to better times.

The centerpiece of our policy is a new farm-stored, farmer-owned reserve -- the first of its kind in American history.

It is improving farm prices already -- and it's not aggravating food price inflation, it's not threatening livestock and dairy producers, and it's not jeopardizing our export markets.

On the contrary. Farm prices and farm income are moving up across the board -- last month, dairy farmers' prices were above the support level; slaughter hog and cattle prices are moving up to profit levels, after almost four straight years of loss; grain prices have improved steadily and substantially over the past year; rice is above the support at a profitable price; the picture is the same for tobacco, peanuts, citrus fruits, and many other commodities.

The steps we are taking today are designed to continue to sustained, healthy improvement in farm prices that has characterized the past year.

These are not extraordinary measures. Rather, they are the latest in a number of thoughtful, reasoned decisions which we have implemented to bring long-term economic progress back to American agriculture.

The course we have chosen is often not an easy one for people in political life. There are temptations almost every week to move too quickly and too far, for immediate political gain. We have resisted those temptations out of the sure and certain knowledge that our course will result in a steady and sustainable improvement, whereas quick-fix, one-shot cures for a single commodity too often result in greater harm over the long pull.

Now we come to the spring of 1978, with farmers right up to planting. Stockpiles of grain are more than adequate; the reserve program is rapidly removing the excess from the market. By summer or early fall, stocks of basic commodities will be adequate to protect from the shortfalls which could result from bad weather.

So while we do not know what the weather will be during the growing season in the northern hemisphere, we are in a strong enough position to bring production into better balance with consumption.

This task will be aided by the set-aside programs which we announced earlier, and modest additional land diversion programs we are setting forth today.

If weather is extremely favorable, the excess will be removed from the market and placed in reserve. If weather is extremely poor, reserves will fill the gap at prices reasonable to producers and to consumers.

While the case for a moderate land reserve program in 1978 is persuasive, a massive land retirement program cannot be justified. The risk of repeating the shortages of 1972 or 1975 simply is too great. Thus the Administration cannot support cutbacks of the magnitude of legislation passed by the Senate last week.

We will, however, adopt administratively the concept put forth by Senator Talmadge, to bring feed grains and cotton production more in line with demand by providing a reasonable additional diversion program.

We hope also to reduce wheat production by a modest amount by permitting producers to graze livestock or cut hay on part of their planted acreage without losing the benefits of participating in the rice support and disaster protection program.

Finally, we are increasing our commitment to take wheat and feed grains into the reserve. The lid is off the farmer-owned reserve. We will buy wheat to establish a 220 million bushel reserve to be isolated for international humanitarian and disaster uses only.

Let me emphasize one point I made earlier. The policies and programs of this Administration are working for farmers, for all Americans, and for those hundreds of millions in other lands who have come to depend on the American farmer for commercial supplies as well as food aid.

It is for these reasons, more than any others, that this Administration will do all in its power to prevent the recurrence of the shock waves that moved through the world food system in the past few years. And, as the Vice President said earlier, that includes the use of the veto if necessary.

In summary:

The United States will be a reliable supplier in export markets.

The United States will maintain our commitments to food aid, no matter how tight the supply or how high the price.

The United States will hold its share of stocks, but we will refuse to be the storehouse for the world.

The United States will encourage holding reserve stocks in farmers' hands, instead of the government's, to prevent disastrous price shocks to livestock producers and consumers.

The United States will continue to seek more liberal trade in agricultural products and international agreements to bring greater order to world markets and share the burdens of carrying stocks and adjusting production.

The parts are the fabric of a clear, cohesive national food and agricultural policy that makes sense.

It makes sense for farmers.

It makes sense for consumers.

It makes sense for America and the world.

And we will not deviate from it.

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